

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1015 - SB 1271**

March 21, 2021

**SUMMARY OF BILL:** Expands the Volunteer Rx prescription drug discount program to permit discount plans to include dental and vision services, in addition to prescription drugs. Authorizes a discount plan operator to assess a one-time non-refundable processing fee if a member cancels a membership plan within 30 days of joining the plan.

Prohibits operators and marketers from: (1) misleading consumers into thinking the discount plan is health insurance; (2) misrepresenting discounts; and (3) accepting, or collecting money from its members to pay a fee to pharmacies, dentists, or vision care providers for healthcare services. Requires an operator to approve in writing, prior to the marketer's use, all cards and distributed materials used by marketers to offer, sell, market, advertise, or otherwise distribute the discount plan.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$10,210,200/FY21-22  
\$10,201,600/FY22-23 and Subsequent Years**

Assumptions:

- The Volunteer Rx program operations were transferred to the Division of TennCare (Division) in 2007 through executive order, and is known as CoverRx. For purposes of this analysis, the proposed legislation is assumed to be expanding the current CoverRx program.
- CoverRx has no monthly premiums, but co-pays are required for most prescriptions.
- Based on information provided by the Division:
  - The number of members CoverRx currently serves is 44,116;
  - Dental coverage is estimated to be \$16.76 per month per member; and
  - Vision coverage is estimated to be \$2.28 per month per member.
- The increase in state expenditures associated with expanding the program to include dental services is estimated to be \$8,872,610 [(44,116 members x \$16.76) x 12 months].
- The increase to state expenditures associated with including vision services is estimated to be \$1,207,014 [(44,116 members x \$2.28) x 12 months].
- Based on information provided by the Division, the proposed legislation cannot be accommodated within existing resources. The Division will require one Administrative Assistant 2 and one Program Coordinator in order to implement the expansion of the discount program.

- The one-time increase in state expenditures associated with the positions is estimated to be \$8,600 [(\$1,600 computer costs + \$2,700 office furniture) x 2 positions].
- The increase in state expenditures associated with the new positions is estimated to be \$130,622 (\$77,292 salaries + \$26,330 benefits + \$14,000 administrative costs + \$3,200 communications + \$1,200 supplies + \$8,600 one-time cost) in FY21-22.
- The recurring increase in state expenditures associated with the new positions is estimated to be \$122,022 (\$77,292 salaries + \$26,330 benefits + \$14,000 administrative costs + \$3,200 communications + \$1,200 supplies) in FY22-23 and subsequent years.
- The total increase in state expenditures in FY21-22 is estimated to be \$10,210,246 (\$130,622 positions + \$8,872,610 dental + \$1,207,014 vision).
- The total recurring increase in state expenditures in FY22-23 and subsequent years is estimated to be \$10,201,646 (\$122,022 positions + \$8,872,610 dental + \$1,207,014 vision).
- Funding under the provisions of the purposed legislation is required to be appropriated as part of the general appropriations act and such funding is to be used by the Department of Health (DOH) to implement the program expansion. It is assumed any appropriations will be made to the Division of TennCare.

## **IMPACT TO COMMERCE:**

### **Increase Business Revenue - \$10,079,600/FY21-22 and Subsequent Years**

Assumption:

- Managed Health Care Organizations that provide dental and vision service for a discount program to the state will experience increased revenue in FY21-22 and subsequent years, estimated to be \$10,079,624 (\$8,872,610 dental + \$1,207,014 vision).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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